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300.01 -- Policy on the Purchase and Giving of Gifts, Prizes, Awards

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Title: Policy on the Purchase and Giving of Gifts, Prizes, Awards

Constituents: University Administrators, Staff, Faculty, and department authorized purchasers

CATEGORY FISCAL RESPONSIBILITY, IRS COMPLIANCE, AND FRAUD PREVENTION	Requested Implementation Date: 1/1/2016	POLICY NUMBER 300.01
	Approval Date: 2/11/2016	

POLICY STATEMENT

General Responsibility

Each member of the University community shall adhere to all federal, state and local laws and CU-Portland rules, regulations and policies, as the same may be amended from time to time, pertaining to the purchase, distribution and use of gifts (including gift cards), prizes, and awards he/she uses, and/or over which he/she has access or control.

Protecting CU-Portland's financial resources is a critical part of its mission

As part of Concordia University's mission, we strive to keep the use of financial resources to be in the best interest of the University and to ensure against fraud. In order to fulfill the mission, the Finance Department must maintain compliance with University policies, governing agency regulations such as the Internal Revenue Service, and meet all financial auditing regulations and requirements.

Requirements for giving a gift, prize or award

Giving of gifts, prizes, and awards within a workplace is guided by federal, state and local laws, and CU-Portland rules, regulations and policies. The giving of a gift, prize, or award must meet the following three criteria:

1. Must support the mission of the University
2. Must be reasonable, and
3. Must be able to sustain the test of public review

For additional criteria refer to the Official University Procedure located on the I drive\campus\Finance Forms & Policies\Gifts, Prizes, Awards Procedure)

Department Managers and Deans shall approve all purchases of gifts, prizes and awards according to the following guidelines:

Employee Gifts, Prizes, or Awards

In almost all circumstances, gifts, prizes and awards are included in the recipient's gross income, if the gift is paid for by the university (either directly or indirectly). If the recipient is a member of university faculty, staff, student employee (or their spouse), the gift, prize or award is considered supplemental wages and must be processed through the Payroll system with appropriate federal, state, city and FICA/Medicare taxes withheld. The gift, prize or award is then included in the recipient's Form W-2, Wage and Tax Statement. Use the **Gift, Prize or Award Record** to report the gift, prize or award. All gifts, prizes or awards are taxable regardless of value.

If an employee has earned an incentive or won an award due to service or an internal department Initiative, the amount due to the employee should be referred to payroll, and processed subsequent to the IRS W-2 regulations.

Students Gifts, Prizes, and Awards

Appropriate reasons for giving a gift, prize or award to a student include:

- Door prize at a University event, including Admissions recruitment arenas
- Student services, including Residence Life, dorm and campus activities designed to promote the student culture on campus.

For students, if the gift, prize or award is related to employment services performed for the university (e.g., outstanding student worker in a department), the prize or award must be processed as supplemental wages through Payroll with appropriate income taxes withheld. However, if the award is not related to services performed as an employee (e.g., Residence Life / Hall awards, drawings, etc.), it is still taxable income to the recipient and must be reported on Form 1099-MISC if the cumulative total to the recipient in a calendar year exceeds \$599.00, but it is not subject to withholding. Please use the **Gift, Prize or Award Record**.

Non-Employee Gifts, Prizes, and Awards

For non-university recipients, the gift, prize or award can be processed without tax withholding* (except for payments to non-resident aliens which may be subject to withholding - see Note below) but is still considered income to the recipient. Such payments are reported as taxable income to the recipient using Form 1099-MISC, Miscellaneous Income when the amount exceeds \$599.00 in a

calendar year. Accordingly, the disbursement request should include information needed to complete a Form 1099-MISC, including the recipient's name, address, and social security number. Please use the **Gift, Prize or Award Record**.

***Note: There are special withholding rules related to payments made to nonresident aliens (faculty, staff, students, and non-university recipients).**

We anticipate that this Policy will not address all circumstances. If you have additional questions about gift, prize or award payments call the Assistant Controller at 503-493-6503.

Enforcement

Persons who fail to adhere to this Policy will not be reimbursed for out-of-pocket gifts, prizes, or awards purchases. When the aforementioned are purchased with University funds (petty cash, corporate credit card, etc.) the employee will be responsible for distribution of the gifts, prizes, and awards within 30 days of purchase **and** submitting required documentation validating the purchase(s).

Compliance

I have read and understand the above CU-Portland Gifts, Prizes, and Awards Policy, and will adhere to all applicable rules, regulations and policies pertaining to the fiscal responsibility encompassed in this policy.

REASON FOR POLICY

To establish compliance with IRS regulations, meet external audit requirements, ensure fiscal responsibility has been applied by departments on behalf of the University, and to protect against fraudulent use of gifts, prizes, and awards.

RELATED INFORMATION

Federal Laws: Internal Revenue Code section 132(a)(4)

RESPONSIBLE UNIVERSITY DEPARTMENT / OFFICE

Finance Department
Concordia University – Portland
2811 NE Holman Street
Portland, OR 97221

FORMS / ONLINE PROCESSES

Gift Record (to be located on the I drive\campus\Finance Forms & Policies\Gift Record)